

**COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2008-AH-211**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

VS.

CARTERET MORTGAGE CORPORATION

RESPONDENT

**AGREED ORDER**

**BACKGROUND AND FACTUAL FINDINGS**

1. The Kentucky Department of Financial Institutions ("DFI") is responsible for regulating, registering, and licensing mortgage loan companies, mortgage loan brokers, and loan officers/originators in accordance with the provisions of KRS Chapter 286.8.

2. Carteret Mortgage Corporation is licensed to conduct business in Kentucky as a mortgage loan broker at a principal office located at 6211 Centreville Road, Suite 800, Centreville, Virginia 20121, and a branch located at 1232 Lancaster Road, Suite A, Richmond, Kentucky 40475.

3. On December 19, 2007, an examination was conducted into the condition, workings and affairs of the branch location in order to determine whether: (1) it was in compliance with applicable laws and regulations; (2) its practices and policies had an adverse impact on prospective borrowers; and (3) it was being operated efficiently, fairly, and in the public interest.

4. In the course of that examination, it was discovered that Carteret Mortgage Corporation violated KRS 286.8-170(1) by failing to provide the DFI examiner access to all branch records at the time of the examination. All records relating to the branch were

subsequently provided to the DFI examiner by the principal office. It was further discovered that certain branch employees were keeping both current and closed loan files containing customer's personal information at their homes. The examiners also documented Carteret loan officers originating Kentucky loans from nine (9) unregistered branch locations in violation of KRS 286.8-100.

5. On January 23, 2008, an examination was conducted into the condition, workings, and affairs of one of the unregistered branch locations referenced above at 333 West Vine Street, Lexington, Kentucky. In the course of that examination, a DFI examiner documented a Carteret employee doing business at the location in violation of KRS 286.8-100.

6. Subsequent to DFI's findings, Carteret Mortgage Corporation applied to register all branch offices still doing business in Kentucky.

#### **AGREEMENT AND ORDER**

The Department of Financial Institutions and Carteret Mortgage Corporation, in the interest of economically and efficiently resolving the violations set forth in the foregoing Background and Factual Findings, agree as follows:

1. Carteret Mortgage Corporation agrees to pay a fine in the amount of fifteen thousand dollars (\$15,000) for the violations set forth above, which shall be made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Jessica Sharpe, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

2. Carteret Mortgage Corporation agrees to devote the attention and resources necessary to ensure continual and full compliance with all statutory requirements set forth

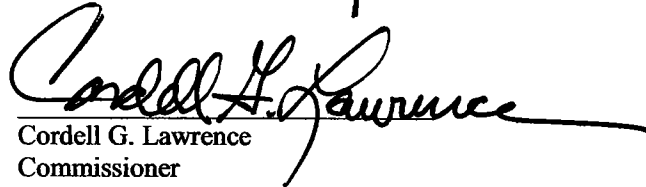
in Chapter 286.8 of the Kentucky Revised Statutes and all regulations set forth in 808 KAR Chapter 12. Carteret Mortgage Corporation agrees to diligently disseminate and enforce its policy that all employees shall destroy hard copy loan files with customer's personal information immediately upon the closing of the customer's loan file. Carteret Mortgage Corporation further agrees to assign all loan officers originating loans in Kentucky to a registered branch within sixty (60) miles of their home.

3. Upon entry of a final order after proper notice and hearing, if requested, determining that Carteret Mortgage Corporation or its employees have operated an unregistered branch office or failed to provide full access to records in violation of KRS Chapter 286.8 within two (2) years of the date of this order, Carteret Mortgage Corporation agrees to and shall pay the maximum fine of twenty-five thousand dollars (\$25,000) for each repeat violation, and shall also be subject to possible suspension, surrender, or revocation of its authority to transact business in Kentucky as a mortgage loan broker or mortgage loan company if the commissioner finds it is appropriate to do so.

4. In regard to this matter, Carteret Mortgage Corporation waives its right to demand a hearing, at which Carteret Mortgage Corporation would be entitled to legal representation, to confront and cross examine witnesses for the Department of Financial Institutions, and to present evidence on its own behalf. Further, Carteret Mortgage Corporation consents to and acknowledges the jurisdiction of the Department of Financial Institutions over this matter and that this Agreement is a matter of public record and may be disseminated as such.

5. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 2nd day of July, 2008.

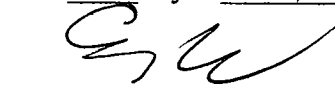
  
Cordell G. Lawrence  
Commissioner

Consented to:

This 2nd day of July, 2008

  
David Coyle, Director  
Division of Financial Institutions  
Office of Financial Institutions

This 1st day of July, 2008

  
Eric Weinstein, President  
Carteret Mortgage Corporation